



# INTERNATIONAL ENVIRONMENT



VOL. 25, NO. 6 PAGES 253-308

**REPORTER**

MARCH 13, 2002

## Mexican Border Energy Plants Pitting National Policies Against Local Interests

SAN DIEGO-Plans for energy plants on the U.S.-Mexico border are pitting local officials and environmental activists against the United States and Mexican governments' energy policies. The local officials said they are concerned about the facilities' impact on air and water quality in San Diego and Imperial counties. Local interests were stymied in recent efforts to influence the construction of two power plants in Mexico through the U.S. regulatory process.

Opponents of the plants being built in the border city of Mexicali, Mexico, maintain that San Diego-based Semptra Energy International and Boston-area InterGen are building in Mexico to avoid the more stringent environmental regulations north of the border (24 INER 827,9/26/01).

The companies had requested "presidential permits" allowing transfer or construction of power lines in Imperial County that would connect with plants each was building in the border town of Mexicali.

"Up to now, we didn't even know what a presidential permit was," Rep. Robert Filner (D) told BNA. "We had very little time to react, but we're going to use this experience as a trial run, because there are at least a dozen more plants in the pipeline."

**Energy Department's Domain.** Filner, whose district runs along the border with Baja California through both jurisdictions, wrote U.S. Department of Energy (DOE) Secretary Spencer Abraham to express his concerns.

"The two plants under construction in Mexicali will add over 3,000 tons/year of nitrous oxide emissions to the binational Imperial County-Mexicali airshed," he said in a letter dated October 11, 2001.

Both plants, Filner said, are to employ wet cooling technology that would make use of wastewater currently discharged into the New River, a major source of inflow for the Salton Sea. "The Salton Sea is currently the subject of a multi-million dollar restoration effort and the recipient of an Environmental Protection Agency (EPA) initiative to ensure that fresh water flows into it," he said, alluding to the U.S. agency.

Bill Powers, executive director, Border Power Plant Working Group, said Rep. Duncan Hunter (R), a local chapter of the American Lung Association, Imperial County Air Pollution Control District, and California Air Resources Board all raised similar concerns. The working group is a coalition of citizens from both sides of the international divide.

**No Significant Impact Ruled.** In response, DOE issued a joint "finding of no significant impact" for both projects (FE Docket PP-234, FE Docket PP-235).

The department's environmental

assessment for the two plants determined that, "the increase in ambient concentrations of nitrogen oxides, carbon monoxide, and particulate matter of less than 10 microns (PM10) at the Mexican-U.S. border resulting from air emission from the export turbines would be below the significance levels for these pollutants established by the EPA."

It further said that water flow into the Salton Sea would be reduced by 0.70 percent, while its salinity would be increased 0.142 percent. "The magnitude of both of these impacts is minimal and below the threshold of detection of most measuring instruments," it said.

The permits, issued Dec. 5, 2001, "had the effect of jamming a stick into a hornets nest," Powers said. "DOE basically said 'your comments are nice, but we have an energy crisis, and this is a done deal'."

Filner also attempted intervention by requesting a rehearing on a presidential permit issued at Semptra's request for its North Baja Pipeline, which transports liquid natural gas (LNG) 215 miles from Ehrenberg, Ariz., to Tijuana, Mexico.

Many plants, both under construction and planned, will be run with LNG, which burns cleaner and cheaper than coal or other fossil fuels.

"I appealed within the prescribed 30-day period, and they didn't even acknowledge me," Filner said.

**Infrastructure Intense Industry.** The pipeline question illustrates the multi-headed hydra international energy is, the enormous amount of infrastructure it requires, and how it stands to change the face of the relatively undeveloped state of Baja California, according to observers.

The pipeline is being built for the purpose of transporting 500 million cubic feet per day of LNG to Baja California.

In 2000, Semptra completed a 15-mile gas pipeline between San Diego and the Presidente Juarez Power Plant at the coastal town of Rosarito, Mexico.

In December 2001, Semptra and Pacific LNG signed a memorandum of understanding with Spanish petroleum giant Repsol YPF, BG Bolivia Corporation, and Pan American Energy LLC to enter into negotiations for a supply of Bolivian LNG.

According to Semptra, "the final 20-year agreement will encompass the output of a two-train LNG plant to be installed by Pacific LNG on the Pacific Coast of South America to export an average of 800 million cubic feet per day of gas from Bolivia to North America." According to Semptra, "train" refers to the string of facilities needed to convert the gas to usable form.

The product's final destination will be a planned receiving terminal outside of Ensenada, Mexico, about 40 miles south of San Diego. A similar structure is planned by Phillips Petroleum and El Paso Corp. for Rosarito.

Rosarito is a beach town that stretches no deeper than one-half mile from the Pacific shore inland. Ensenada is a fishing port surrounded by golf and hotel resorts on its outskirts. Both are heavily dependent upon tourism for economic development.

**Mexico's Energy Problems.** Meanwhile, Mexico has energy problems, which the first two plants, at least, would not address.

Demonstrators blocked the Mexicali/Calexico border for an hour Feb. 8 to protest the Mexican federal government's plans to cut subsidies for electricity and the U.S. government's actions, which they view as a guiding hand behind such policies.

A desert town, its consumption of electricity increases significantly in the summer when the temperature rises to 120 degrees.

Imperial County is an EPA nonattainment zone for substances to be emitted by the plants. Its crossborder neighbors suffer from similar exposure to the pollutants.

"I've talked with local Mexican officials, and they're not too thrilled with these plants either," Filner told BNA. "We're both having the same problem. We can't get our federal governments to listen to us."

Filner said he is promoting plans with international counterparts to form a binational advisory committee for monitoring the border energy boom's progress and providing more transparency to the permitting process.

**International Stage.** When U.S. President George W. Bush and Mexican President Vicente Fox met in September 2001, border power plants were added to the binational agenda. A meeting has been tentatively set for April in El Paso, Texas. The U.S. EPA and Mexico's Environment Ministry, SEMARNAT, will head up the talks.

In November 2000, the North American Commission for Environmental Cooperation issued a study, *Estimating Future Air Pollution from New Electric Power Generation*.

In its report, the Montreal-based agency, which administers the environmental side agreement to the North American Free Trade Agreement, cautioned that, "In an increasingly integrated grid, generators could locate power facilities in neighboring jurisdictions without caps, offset requirements, or mitigation rules, even though emissions from those facilities will enter the airshed of the neighboring jurisdiction maintaining such policies."

The result, it concluded, would be a "scramble" by local agencies to enact protections that provoke "environment-related" trade disputes.

By Stephen Siciliano